United Nations A/66/692

General Assembly

Distr.: General
10 February 2012

Original: English

Sixty-sixth session
Agenda item 132
Review of the efficiency of the administrative and financial functioning of the United Nations

Implementation of General Assembly resolution 64/259

Report of the Secretary-General

Summary

The Secretary-General has the honour to transmit to the General Assembly the report on the implementation of Assembly resolution 64/259. The report highlights the progress made over the past two years to strengthen accountability within the Secretariat, in particular the efforts to deepen a culture of accountability, clarify and codify delegations of authority, further implement human resources management reforms, including a new performance management and development system, and lay the groundwork for the introduction of enterprise risk management. The report notes that strengthening accountability is a work in progress, and that more work remains to be done.

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I. Introduction

1. The present report is submitted in response to General Assembly resolution 64/259, in which the Assembly agreed on a definition of accountability for the United Nations Secretariat[1] and requested that the Secretary-General report on the implementation of the resolution at the main part of its sixty-sixth session. In order to consult with all relevant stakeholders, the Secretary-General requested a postponement of the submission date of the report to the first resumed part of the sixty-sixth session.

2. Using the following structure of subtitles extracted from resolution 64/259, the report explains the actions undertaken by the Secretariat in the following areas:

- Promoting a culture of accountability
- Delegation of authority
- Implementation of recommendations of oversight bodies
- Personal and institutional accountability
- Reform of the performance appraisal system
- Selection and appointment of senior managers
- Enterprise risk management and internal control framework
- Concrete measures to prevent potential conflict of interest in the current process governing procurement.

3. The report also contains a comprehensive enterprise risk management and internal control policy for the Organization (see annex), which is the culmination of an extensive consultation process with the Independent Audit Advisory Committee, the oversight bodies, various agencies, funds and programmes of the United Nations system and selected departments of the Secretariat.

4. The Secretary-General wishes to fully harmonize and integrate his results-based management proposals with other accountability and performance-related initiatives resulting from the change management exercise. Since further progress is expected over the coming months, including through an examination of the experience of other organizations that have introduced results-based management, it was considered premature to report on those efforts at the present time.

[1] The definition, as adopted by the General Assembly in resolution 64/259, reads:
"Accountability is the obligation of the Secretariat and its staff members to be answerable for all decisions made and actions taken by them, and to be responsible for honouring their commitments, without qualification or exception.
"Accountability includes achieving objectives and high-quality results in a timely and cost-effective manner, in fully implementing and delivering on all mandates to the Secretariat approved by the United Nations intergovernmental bodies and other subsidiary organs established by them in compliance with all resolutions, regulations, rules and ethical standards; truthful, objective, accurate and timely reporting on performance results; responsible stewardship of funds and resources; all aspects of performance, including a clearly defined system of rewards and sanctions; and with due recognition to the important role of the oversight bodies and in full compliance with accepted recommendations."

5. The present report details several initiatives that have been undertaken since the last report on an accountability system (A/64/640) was submitted to the General Assembly in 2010, including:

(a) Launch of an Intranet website dedicated to the subject of accountability, which serves as a cornerstone of a communications campaign to raise awareness and promote a culture of accountability among staff at all levels;

(b) A complete review of the delegation of authority for human resources, and for financial and property management in order to establish clearly who has been delegated with the authority to take specific decisions and actions and to identify the legal source of such authority;

(c) Introduction of a data-driven and goal-focused human resources management scorecard that delivers timely performance information relevant to the monitoring needs of managers and other stakeholders;

(d) Reform of the performance appraisal system to strengthen managerial accountability and shift the focus from compliance to advisory support, with an emphasis on career and staff development;

(e) Promulgation and testing of a policy for the Secretariat-wide implementation of enterprise risk management.

6. These initiatives benefited from consultation with relevant stakeholders within and outside the United Nations.

II. Promoting a culture of accountability

7. Early in 2011, a new portal dedicated to accountability was introduced on iSeek, the Secretariat's Intranet, in order to make information about accountability more accessible to staff at all levels and to promote a common and practical understanding of what accountability means (http://iseek.un.org/m210.asp?dept=1940&e). The portal, known as "Accountability A to Z", provides ready access links to key documents that contain all elements of the accountability architecture currently in place at the Secretariat, including:

- Reference library (key documents and accountability instruments, searchable by department)
- Practical guidance
- Feature articles/news
- Useful links.

8. The structure of the portal is aligned with the definition of accountability provided in General Assembly resolution 64/259 and includes the following sections:

- Charter of the United Nations
- Commitments and results
- Internal controls and systems
- Standards and ethics
- Oversight functions.

9. The website includes a link to the Charter, which forms the basis of the accountability system in the Secretariat. The section on commitments and results contains the planning, budgetary and performance reporting documents and guidance. The internal controls and systems section covers the regulations, rules and administrative processes and procedures, including issues related to the administration of justice and informal dispute resolution, as these are safeguards that guarantee fairness in the functioning of the internal system. The standards and ethics section includes information related to conduct and discipline, reporting wrongdoing, protection against retaliation and financial disclosure. The oversight functions section explains the roles of the Office of Internal Oversight Services (OIOS), the Board of Auditors, the Joint Inspection Unit and the Independent Audit Advisory Committee.

10. The portal has been the cornerstone of a communications strategy to raise awareness and promote a culture of accountability throughout the Secretariat. To maximize visibility and set the "tone at the top", the Secretary-General announced the launch of the portal at the 2011 senior managers' compact-signing ceremony, and it has since been promoted at a variety of annual gatherings and training workshops, including management performance training sessions, a meeting of heads of training, the annual Chief Finance Procurement Officers' meetings and at the managers' forum. The portal will also be presented to staff at induction trainings and will be referenced in related documents and initiatives and on other websites.

11. In order to attract visitors to the site and to sustain interest in issues related to accountability, the cover page of the website is updated monthly with feature articles and recommended reading materials, training opportunities and other topics of interest to staff.

III. Delegation of authority

12. A requirement of a well-functioning accountability system is the establishment of clarity regarding which staff members have the authority to take certain actions. With this in mind, the General Assembly, in its resolution 64/259, requested the Secretary-General "to urgently address the continued deficiencies in the current delegation of authority system". In response to that request, the Secretariat conducted a comprehensive review of the existing system in respect to the Staff Regulations and Rules (which cover all aspects of human resources management within the Organization) and the Financial Regulations and Rules (which cover all matters related to finance, budgeting, procurement and property management). The aim of this comprehensive process was to establish who has the delegated authority to take specific decisions and actions and to identify the legal source of authority in each instance.

Staff Regulations and Rules

13. In the area of human resources, the review of delegation of authority revealed that authority had been delegated in many different ways (for example, through official policy issuances, memoranda, notes[1] and even handwritten remarks on

[1] The use of notes for the purpose of delegating authority, without a statement of the functional titles of the addressee or the author, and often bearing only a signature without any printed name, has led to a record of communications which today, some 20 to 40 years later, cannot be verified vis-à-vis the author's right to delegate authority on specific subject matter in the first place.

documents). The method for such delegation has often been inconsistent, and subject to change based on countless ad hoc requests by various offices and entities.

14. In order to devise a coherent and more uniform system, the Secretary-General undertook a comprehensive revision of the system to ensure that authority is delegated: (a) in an aligned format; (b) by those who possess the authority to mandate action; (c) in a transparent manner; and (d) following a consistent approach.

15. The revised system for the delegation of authority in respect to the Staff Regulations and Rules will: (a) correct current shortcomings; (b) address consequences of the newly promulgated series one of the Staff Rules on the delegation of authority (ST/SGB/2011/1); (c) ensure transparency; and (d) differentiate authority by staff grade level, where appropriate.

16. The proposed implementation of the revised and consolidated format contains several layered steps. First, a Secretary-General's Bulletin will be issued specifying general principles of delegation based on earlier issuances and current practice and detailing which specific authorities under each relevant staff regulation and staff rule are to be retained exclusively by the Secretary-General or delegated by him to the Under-Secretary-General for Management.[3]

17. The next layer will be the further delegation of authority by the Under-Secretary-General for Management to other departments and offices in the Secretariat, which will be done through administrative issuances. Each issuance will be accompanied by detailed tables listing the relevant provisions of the Staff Regulations and Rules and the specific delegation in the administration thereof.

Financial Regulations and Rules

18. The delegation of authority under the Financial Regulations and Rules is exercised by authorized officials who are granted the authority on a personal basis, as opposed to authority for human resources, which is delegated by function. The Secretary-General has completed a comprehensive update of the existing system, and the layered steps described above will also be used to direct their promulgation.

IV. Implementation of the recommendations of oversight bodies

19. As stated in the previous report of the Secretary-General on an accountability system (A/64/640), the oversight bodies play an important role in promoting a culture of compliance and integrity. They provide critical support to managers by independently assessing the adequacy and effectiveness of the internal control system.

[3] The Secretary-General, by ST/SGB/151 of 7 January 1976, and as further specified by ST/AI/234 of 7 January 1976, ST/AI/234/Rev.1 of 22 March 1989 and ST/AI/234/Rev.1/Amend.1 of 14 June 1990, delegated certain authority directly to heads of offices and departments, including offices away from Headquarters, as well as to the then Assistant Secretary-General for Personnel Services and the Controller. Under ST/SGB/2010/9, the Under-Secretary-General for Management now holds "overall responsibility for the management of the financial, human and physical resources of the Secretariat, in accordance with the Secretary-General's delegation of authority," and takes many human resources-related decisions for the Organization.

20. The Secretariat has undertaken important steps to strengthen the oversight roles and functions, and those efforts that have been recognized by independent entities.[3] The Secretary-General remains fully committed to implementing the recommendations of the oversight bodies and to incorporating them into the executive management process. Managers also accept this as one of their primary responsibilities. Accordingly, implementation of the recommendations is part of the senior manager's compact. In addition, the Department of Management reports the status of implementation quarterly to the Management Committee. The Management Committee has also instituted a regular and direct dialogue with all of the oversight bodies as a means of sharing perspectives on issues of mutual concern and strengthening, collectively, the management of the Organization. The implementation of the recommendations of the oversight bodies is a key aspect of that dialogue.[4]

21. The Secretary-General is also taking further steps to strengthen the accountability chain vis-à-vis the oversight roles and functions by defining, through administrative issuances, the roles and responsibilities within the Secretariat in relation to the engagements, reports and recommendations of the oversight bodies. For example, he is strengthening the role and building the capacity of the departmental focal points responsible for coordinating all matters concerning the oversight functions. A network of focal points is now in place, with members receiving training on how to provide appropriate responses to the recommendations made by the oversight bodies.

22. The increased attention to oversight issues and monitoring of recommendations has resulted in a positive trend in the implementation of recommendations in the Secretariat, a trend that has been noted by the oversight bodies.[5] For example, within three years of their issuance, 95 per cent of OIOS recommendations and virtually 100 per cent of Board of Auditors recommendations are implemented.

V. Personal and institutional accountability

Human resources management reform and personal accountability

23. The Secretary-General has implemented a range of human resources management reforms pursuant to General Assembly resolutions 63/250 and 65/247.

[3] For example, the Joint Inspection Unit, in its report "The audit function in the United Nations system" (A/66/734) recognized the following as positive actions in this area: the increased time and resources dedicated to strengthening the audit oversight function; a notable improvement in the scope, coverage and effectiveness of the audit activity; advancement in the institutionalization of the internal audit function; and the establishment of audit oversight committees as a major step towards improving the audit oversight function at United Nations system organizations.

[4] See terms of reference of the Management Committee in ST/SGB/2006/14 and ST/SGB/2011/3.

[5] For example, the Independent Audit Advisory Committee in its report for the period from 1 August 2009 to 31 July 2010 (A/65/329) noted the efforts by the administration to continuously monitor the status of implementation of recommendations made by the oversight bodies (para. 19) and acknowledged that the Management Committee, under the chairmanship of the Deputy Secretary-General, continues to make a concerted effort to stress to programme managers the need to expeditiously implement the recommendations of the oversight bodies and to continue to closely monitor their implementation (para. 20).

Most notably, in the context of the present report, important progress was made regarding personal accountability with the introduction of a data-driven and goal-focused human resources management scorecard and a revised performance and talent management system. Other measures, such as the contractual reform that aligned the previously applicable contractual modalities and related accountability tools into a unified series of rules applicable to all staff, have also strengthened accountability.

Human resources management scorecard

24. In 2011 the Secretary-General introduced the human resources management scorecard that enables streamlined, continuous and targeted monitoring and replaces the human resources action plans. The scorecard forms part of the senior managers' compact and provides:

(a) A stronger focus on the priority areas determined by the General Assembly, such as compliance with geographical and gender targets and the prompt filling of vacancies;

(b) Monitoring the effective and efficient discharge of delegated authority in certain areas in compliance with regulations, rules, policies and procedures in all departments, offices and field operations;

(c) Clear accountability for specific actions within delegated authorities;

(d) Increased self-monitoring by departments, offices and field operations;

(e) Regular data-driven central performance monitoring meetings by senior management of the Office of Human Resources Management and the Field Personnel Division of the Department of Field Support to assess progress, identify issues and agree on actions;

(f) Regular review of scorecard performance of departments, offices and field operations by those responsible within the Office of Human Resources Management and the Field Personnel Division of the Department of Field Support;

(g) A dedicated analytical team to review global as well as entity-by-entity performance data;

(h) A robust and scalable information technology tool fully leveraging the functionalities available through Inspira.

25. The scorecard delivers timely performance information relevant to the monitoring needs of different stakeholders in order to enable greater transparency and improved clarity of expectations. The stakeholders include the Management Performance Board, the Office of Human Resources Management, senior managers and human resources personnel at Headquarters and in the field.

Revision of the Staff Rules and contractual reform

26. The Secretary-General has promulgated a series of Staff Rules, noted by the General Assembly at its sixty-fifth session,[7] which consolidated the three previously applicable series of staff rules (the 100, 200 and 300 series). One single chapter (chap. I) of the Staff Rules now governs basic rights and duties for all staff and sets

[7] Resolution 65/247, para. 74.

the baseline against which staff at all levels are measured both in terms of conduct as well as performance. This consolidation promotes clarity of the rules as well as consistency in assessing shortcomings and greater accountability.

27. In addition, through its resolution 65/247, the General Assembly approved the granting of continuing contracts, which form part of the reform measure to align the previous contract types into three basic modalities.[8] Continuing appointments are based on an assessment of continuing needs of the Organization and do not carry fixed expiration dates. A staff member's impeccable service record is among the basic eligibility criteria for continuing appointment. Specifically, staff must, inter alia, "have received a performance rating of at least 'Meets expectations' or equivalent in the four most recent performance appraisal reports, and must not have been subject to any disciplinary measure during the five years prior to their consideration for the granting of a continuing contract" (resolution 65/247, para. 53 (d)). Staff members who do not meet those eligibility requirements are not offered open-ended appointments with the Organization.

Senior managers' performance and institutional accountability

28. The Secretary-General and his predecessor have signed annual performance compacts with their senior officials, who serve at the level of Under-Secretary-General, since 2006. In 2008 those compacts were extended to senior officials at the Assistant Secretary-General level, who sign them with their respective Under-Secretaries-General. In 2010, in order to address gaps in performance and accountability in the field, the senior managers' compacts were extended to heads of missions.

29. Since coming into office, the Secretary-General has been continuously working to improve effectiveness in the assessment of the performance of senior managers. In 2011, he aligned the structure of the compacts to reflect the main components included in the definition of accountability provided by Member States in resolution 64/259.[1] The compacts now include the following sections: achieving objectives and high-quality results, reflecting both the personal objectives of each senior manager and the institutional objectives contained in the planning and budget documents; responsible stewardship of resources; implementation of the recommendations of oversight bodies; compliance with regulations and rules; and compliance with ethical standards.

30. In addition, in order to further strengthen the alignment of personal and institutional accountability at the highest levels of management, the Management Performance Board is now reviewing the senior managers' compacts, the human resources management scorecards and the programme performance reports simultaneously.

31. The Secretary-General would like to add an additional formal element to the assessment of senior managers' performance: accountability for judgements rendered by the internal justice system. He has asked the Management Performance Board to develop a modality for analysing and reporting on those judgements in the context of senior managers' accountability.

[8] Temporary, fixed-term and continuing: previously, some 15 different contract types under the 100, 200 and 300 series of the Staff Rules were used.

32. In its resolution 64/259, the General Assembly requested the Secretary-General to ensure that the weaknesses identified by the Management Performance Board in terms of senior managers' performance are fully and appropriately addressed. To that end, the Deputy Secretary-General engages each senior manager individually following the annual performance assessment exercise, identifies areas of performance that require improvement and requests an action plan. In addition, managers are asked to submit innovative ideas for achieving standard managerial targets. These ideas are made available to all senior managers. A similar approach is followed with regard to institutional performance reported in the programme performance reports (interim and biennial) in the context of the simultaneous assessment of the institutional and senior managers' performance. In 2012, the Management Performance Board went one step further by inviting selected senior managers to explain in person how they were able to achieve certain goals and why they were unable to achieve others.

33. The Management Performance Board also takes action on systemic challenges noted by a significant number of managers in the self-evaluation component of the annual performance assessment.

VI. Reform of the performance appraisal system

Performance management system: a new policy

34. The Secretary-General has introduced a new policy on performance management, the performance management and development system, which strengthens managerial accountability while ensuring ongoing feedback, motivation and recognition. It provides increased clarity on the roles of stakeholders, including staff members, managers, heads of departments/offices/missions and the Organization as a whole, in order to ensure strengthened links between performance and accountability. It also reinforces the connections between individual workplans and other mechanisms in the accountability framework, including senior managers' compacts, departmental workplans and budget fascicles, to enable managers and staff members to determine how individual workplans contribute to the overall mandates of the Organization.

35. A key feature of this new policy is its comprehensive coverage of all dimensions of performance management and development, not just of appraisals and compliance. A shift in focus from compliance monitoring to advisory support, with an emphasis on career and staff development, underpins the new approach.

36. The policy also includes extensive provision for identifying and addressing performance shortcomings. It clarifies the role of management once performance shortcomings have been identified and prescribes a series of actions for handling such cases, including remedial measures in the form of counselling, transfer to a more suitable function, additional training and/or the institution of a time-bound performance improvement plan. If performance shortcomings are not rectified following such remedial actions, the withholding of a salary increment or the non-extension or termination of a contract may be considered, provided that the above-mentioned remedial actions, including the development of a performance improvement plan, have been initiated. The Secretary-General recently signalled his intention to make more rigorous use of these options, as appropriate.

37. To effectively evaluate the extent to which staff members have achieved the goals set out in their workplans, and the manner in which they have demonstrated United Nations core values and competencies, the Secretary-General introduced a simplified, more clearly defined performance rating scale (from 1 to 4 rather than from 1 to 5).

38. The new performance management policy has also streamlined the rebuttal process, under which only staff members who disagree with an overall rating of "partially meets performance expectations" or "does not meet performance expectations" can rebut their evaluations.

Rewards and recognition

39. A Staff-Management Committee working group is working on a white paper on rewards and recognition, based on the International Civil Service Commission framework and on practices from agencies, funds and programmes. The paper is intended to stimulate debate within the Organization on ways to recognize and reward excellent performance, in accordance with General Assembly resolutions. The Secretary-General will analyse the recommendations issued by the working group and forward them, as appropriate, to the Assembly for further consideration.

Taking corrective action in cases of wrongdoing

40. There are various mechanisms for addressing cases of wrongful or improper managerial decisions. Where such a decision is brought to the attention of senior managers, a determination is made as to whether the nature and gravity of the actions warrant administrative or disciplinary action. If such actions or decisions rise to the level of possible misconduct, the institution of disciplinary procedures under article X of the Staff Regulations and chapter X of the Staff Rules plays an essential role in promoting staff accountability. Staff rule 10.2 provides a range of disciplinary measures, up to and including dismissal.

41. Additionally, staff rule 10.1 (b) provides a mechanism by which a staff member may be required to reimburse the Organization in whole or in part where a wrongful or improper decision is determined to be wilful, reckless or grossly negligent.

42. Details of cases of proven misconduct and/or criminal behaviour are reported annually to the General Assembly, and through the Assembly to all United Nations staff members, in accordance with Assembly resolution 59/287.

43. Finally, as referenced in the previous report of the Secretary-General on an accountability system (A/64/640), where there are credible allegations that a crime may have been committed, a careful evaluation process is completed for each case and appropriate action is taken, including referral to national authorities of Member States for further investigation and/or legal action. Once the Secretary-General has taken a decision to refer a case to national authorities, the Office of Legal Affairs implements the decision accordingly.

Recovery actions

44. In paragraphs 17 and 32 of its resolution 64/259, the General Assembly refers to appropriate measures to strengthen actions to recover funds from those convicted of fraud in the Organization. In recent years, several staff members have been

convicted of fraud by national authorities. The Organization has cooperated with national authorities to facilitate the proper administration of justice in those cases and has successfully obtained recompense, within the framework of its privileges and immunities, in most instances.

VII. Selection and appointment of senior managers

45. The previous report of the Secretary-General on an accountability system (A/64/640) defined the process for the selection and appointment of senior managers, which the Secretary-General believes provides an equitable and open process. Following the exchange of views with the Joint Inspection Unit, the Secretary-General transmitted his comments on the report of the Unit entitled "Transparency in the selection and appointment of senior managers in the United Nations Secretariat" (A/66/380) to the General Assembly (A/66/380/Add.1).

VIII. Enterprise risk management and internal control framework

46. The General Assembly fully recognizes the importance of the implementation of a systematic approach to risk management and internal control in the United Nations. In line with the recommendations of the Joint Inspection Unit on the implementation of enterprise risk management,[9] the Secretary-General has defined an overall policy for enterprise risk management and internal control. It articulates the purpose, governance mechanisms and principles that guide the adoption of the enterprise risk management and internal control framework.

47. This policy benefited from an extensive consultation process, which included several discussions with the Independent Audit Advisory Committee, the oversight bodies, different agencies, funds and programmes of the United Nations system and selected departments of the Secretariat. The enterprise risk management and internal control policy for the Organization (see annex) was approved by the Management Committee on 25 May 2011. A detailed enterprise risk management and internal control methodology, describing the specific steps to be followed in the effective implementation of the framework and the necessary tools, has also been defined.

48. The policy expands and strengthens the approach to risk management already embraced by different parts of the Organization, adopting an integrated enterprise risk management and internal control framework. It provides a consistent and comprehensive risk management methodology that can be applied throughout the entire Secretariat.

49. Consistent with the best international standards, enterprise risk management for the Secretariat is the process of coordinated activities designed to direct and control the Organization with regard to risk, defined as the effect of uncertainty on objectives. An effective system of internal control is an integral part of enterprise risk management. The proper implementation of the policy will not only equip the Organization with best practice risk management tools, but will also define an effective and integrated internal control framework.

[9] See A/65/788.

50. The Secretary-General strongly believes that enterprise risk management and internal control are a core responsibility of management at all levels. The framework is designed to address both the strategic risks associated with the execution of the mandates and objectives as defined by the Charter and the risks inherent in the daily operations that support the achievement of those mandates, including relevant controls.

Risk and internal control governance structure: roles and responsibilities

51. Proper risk governance mechanisms are critical elements for the adoption of an effective risk management and internal control framework. The Secretary-General has designated the Management Committee as the body of the Secretariat responsible for enterprise risk management. The Under-Secretary-General for Management will serve as the high-level official responsible for leading this effort in the Secretariat.

52. Responsibility for the effective implementation of risk management and internal control practices will remain with the respective head of department, office, commission, mission or tribunal. As part of the existing senior managers' compacts, the Under-Secretaries-General (or equivalent position) will annually confirm, through a certification report, their responsibilities for the proper application of the principles and requirements of this framework and the establishment and maintenance of a strong internal control environment resulting from the risk assessment process.

53. Once enterprise risk management is rolled out at the Secretariat, with support and advice from the Management Committee, the Secretary-General will annually review the significant risks faced by the Organization and the proposed strategies designed to effectively mitigate those risks at the consolidated entity level. The Secretary-General will report to the General Assembly and the Independent Audit Advisory Committee on this process.

54. As agreed with OIOS, once the framework has been fully implemented throughout the Organization, OIOS will no longer perform risk assessment exercises, avoiding any overlap or duplication of functions. In accordance with its mandate, OIOS will continue to be responsible for evaluating the effectiveness of the internal control environment, including the Secretariat's risk management process, and will also review the results of the risk assessments as part of its audit planning exercise.

Case studies

55. Following a phased approach, and with the support of OIOS, the Department of Management worked on the implementation of the enterprise risk management policy and methodology in selected departments representing the diverse functional areas of operation of the Organization.

56. Feedback from the senior managers participating in the exercises confirms the benefits of the framework in terms of governance and management practices of the Organization stemming from the implementation of the framework. These include, in particular:

(a) Focus on objectives: increased effectiveness in the achievement of defined objectives and mandates through a consistent identification, assessment and management of risks and the systematic measurement of risk and performance;

(b) Strengthened internal controls: embedded risk and internal control management activities, enabling risk management to become an integral part of the processes and operations of the Organization, and determining the type of risk mitigation or corrective measures necessary to manage identified risks;

(c) Risk aware culture: a more informed risk-based decision-making capability, as the significance of risk and the effectiveness of designed controls are explicitly considered when evaluating programmes and resource allocations, according to an effective results-based management approach;

(d) Informed decisions: increased capability of senior management to make informed decisions regarding risk reward trade-offs related to existing and new programmes through the adoption of a structured approach for the identification of opportunities to enhance the allocation of resources throughout the Organization and reduce related costs.

Case: enterprise risk management in the Office for the Coordination of Humanitarian Affairs

57. The risk assessment carried out at the Office for the Coordination of Humanitarian Affairs resulted in the identification of 24 so-called residual risks, that is, risks that remain after taking into consideration existing internal controls. Those risks were classified into four major categories: strategic, governance, operations and financial. Among the top 10 issues, identified by the Office was the risk of overreliance on extrabudgetary funding. In addition to concerns related to the lack of a predictable funding base, several staff linked this risk to the perception on the part of some Member States that the Office's priorities may be set by a few donor countries, which may influence its perceived impartiality and impact its ability to engage with and influence affected countries or emerging donors. The Office is actively working to address this issue.

58. With regard to the top risks identified, the Office for the Coordination of Humanitarian Affairs is developing corporate-level risk mitigation strategies and detailed risk treatment and response plans as part of its performance frameworks for 2012-2013. Those strategies will outline the main controls that have already been established as well as additional controls planned to further mitigate risks. The Office will also define detailed action plans for implementation, identifying responsible parties and applicable timelines. Periodic status reports (at the mid-year and end-of-cycle) will be prepared until the agreed risk mitigation measures have been fully implemented.

59. The risk register of the Office for the Coordination of Humanitarian Affairs will be periodically re-evaluated and updated as a living document to reflect significant changes in its risk profile and changes in the control environment resulting from reassessment of its risk position. The document will be discussed with the Office's senior management team twice a year in order to ensure senior management's ownership. The risk profile of the Office and the effectiveness of the designed controls will determine the activities and decisions with regard to the

response plan as agreed with senior management and both elements should be considered in setting the funding and resource allocation requests of the Office.

Case: enterprise risk management in the capital master plan

60. The capital master plan has been applying proactive risk management since its inception and has developed a comprehensive risk register used for the daily management of the project. Periodic risk reviews identify and assess the risks that affect its operations. The resulting assessment is used in the regular decision-making process, at both the project-wide and contract levels.

61. For example, the risk assessment identified the contract related to the General Assembly Building and the Conference Building as the greatest risk to the project schedule. This part of the construction also represented significant risks to the project's being completed within budget, as the Conference Building required enhanced security upgrades, which increased the complexity and the scope of the work.

62. As a result of the risk assessment, a value engineering review of the General Assembly Building was undertaken. The risk assessment included a comprehensive evaluation of the condition of the mechanical equipment, which concluded that elements of the ductwork and equipment could be refurbished and reused. The amount of roof and wall plaster replacement was also minimized by using plaster veneer. Such decisions, resulting from the risk assessment exercise, have lowered the risk of delay in the planned construction work within the General Assembly Building, shortened the timeline to completion of the project and significantly reduced costs. The risk register, which includes the identification of specific risk owners, risk mitigation strategies and risk response plans, is periodically reviewed and changes are identified on a quarterly basis.

The way forward

63. If the United Nations is to move towards the full implementation of enterprise risk management, and to reap the benefits underlined in the case studies above, the enterprise risk management and internal control function should be put on a more solid footing. Currently, a limited temporary capacity is set up within the Office of the Under-Secretary-General for Management. This function would need to be converted to a dedicated capacity and provided with the requisite resources to extend its work Secretariat-wide.

64. To quote the Independent Audit Advisory Committee, "given the size and complexity of the Organization, enterprise risk management should be considered one of the highest priorities of the Organization".[10] In addition, under benchmark 4 of the review of enterprise risk management in the United Nations system carried out by the Joint Inspection Unit,[9] it was recommended that an enterprise risk management and internal control capacity assist senior management in the process of establishing a risk management and internal control framework and provide the appropriate level of implementation and execution oversight.

65. This dedicated function, the full responsibilities of which are described in detail in the policy outlined in the annex to the present report, would guide and

[10] A/66/299, para. 26.

support a network of local risk and internal control focal points in every department, office, commission, mission and tribunal. The focal points would assist local management in the implementation of the risk and internal control requirements described in the policy, from within existing resources.

66. The enterprise risk management and internal control capacity will also work on the development of the technology and tools required to support the effective implementation of the framework and, considering the strategic importance of the initiative, on the definition of appropriate training programmes for staff at all levels.

IX. Recommendation

67. **The General Assembly may wish to:**

(a) **Endorse the proposal to establish a dedicated enterprise risk management and internal control function within the Office of the Under-Secretary-General for Management to work on the enhancement of the current capabilities for risk assessment and mitigation and internal control, as requested by the General Assembly in its resolution 64/259;**

(b) **In considering the project as one of the highest priorities of the Organization, the Secretariat may temporarily meet those requirements from within existing resources and subsequently define a proposal for submission to the General Assembly in the context of the 2014-2015 budget.**

X. Concrete measures to prevent potential conflict of interest in the current process governing procurement

68. In its resolution 64/259, the General Assembly requested the Secretary-General to report on "concrete measures to prevent potential conflict of interest in the current process governing procurement, and measures aimed at improving recovery actions". Specific measures in this regard are outlined below.

69. **Ethics and integrity training**: the Procurement Division introduced mandatory ethics and integrity training in May 2007. Customized for procurement staff at the United Nations, the course enhances awareness of, and promotes compliance with, internationally recognized best practices in the field of procurement as well as with ethical standards enshrined in instruments such as the Charter; the Staff Regulations and Rules; the standards of conduct for the international civil service; and the status, basic rights and duties of United Nations staff members (ST/SGB/2002/13), which should be complied with during all phases of the procurement process. Over 1,200 staff members have received this training "face-to-face".

70. Originally offered through workshops, the ethics and integrity in procurement training is now provided through an online procurement training campus, where it is accessible to all United Nations staff involved in procurement-related tasks or who are interested in procurement-related topics. As at 15 June 2011, 523 staff members had enrolled in this training, 428 of these persons have completed a written examination and have received a certificate.

71. The Procurement Division has also introduced a voluntary reporting mechanism that allows staff members involved in the procurement process to alert management and the Ethics Office of any potential conflict of interest arising from any relationship between the staff member or an immediate relative and a vendor.

72. **Whistleblower protection**: the whistleblower protection policy prescribed in the Secretary-General's Bulletin on protection against retaliation (ST/SGB/2005/21) mitigates the risk of conflicts of interest in the procurement process by providing protection to individuals who report misconduct or who cooperate with authorized audits and investigations.

73. **United Nations Supplier Code of Conduct**: conflict of interest: the United Nations Supplier Code of Conduct introduced by the Procurement Division prescribes appropriate ethical conduct for vendors to the Organization. The Code specifically obligates United Nations suppliers to disclose to the Organization any situation that could appear as a conflict of interest and whether any United Nations official or professional under contract with the United Nations has an interest of any kind or any economic ties with the supplier.

74. **Gifts and hospitality**: the Supplier Code of Conduct also imposes a zero-tolerance policy, prohibiting offers of gifts or hospitality by suppliers to United Nations staff, including meals, offers of recreation or holidays. In addition, administrative issuance ST/AI/2010/1, which abolished ST/IC/2006/31, implemented the prohibition contained in staff regulation 1.2 and staff rule 1.2 against the receipt by staff of honours, decorations, favours, gifts or remuneration from governmental and non-governmental sources.

75. **Post-employment restrictions**: pursuant to the Supplier Code of Conduct, former staff members of the United Nations are prohibited from seeking or accepting employment from a United Nations supplier in order to avoid conflicts of interest. Serving staff members are also required to refrain from accepting offers of future employment from any United Nations supplier. Suppliers in violation of this provision are subject to suspension or removal from the United Nations supplier roster.

76. **Financial disclosure requirement**: under a financial disclosure programme, all procurement staff are required to file an annual financial disclosure regarding their own assets and liabilities, as well as those of their spouses and dependent children. Section 2.1 (b) of the Secretary-General's Bulletin on financial disclosure and declaration of interest statements (ST/SGB/2006/6) stipulates that all staff members serving as procurement officers or whose principal occupational duties are the procurement of goods and services for the United Nations are obligated to file a financial disclosure statement annually.

77. **Compliance monitoring**: a compliance and monitoring section within the Procurement Division facilitates the performance of internal reviews to assess compliance and make proposals to strengthen internal controls governing procurement activities, including proposals related to the avoidance of potential conflicts of interest in procurement activities.

78. **Accountability and delegation of authority**: the Secretary-General has consistently reaffirmed his commitment to the strengthening of accountability in the Organization. To that end, the delegation of authority serves as the primary instrument to assign personal accountability in the procurement process. The

effective use and monitoring of the delegation of authority also ensures compliance with the principle of segregation of duties among different occupational groups in the procurement process.

79. **Headquarters Committee on Contracts and local committees on contracts**. the Headquarters Committee on Contracts and the local committees on contracts have been strengthened through the introduction of robust training programmes. The Headquarters Committee has also enhanced its monitoring of the activities of local committees at the offices away from Headquarters.

80. **Award Review Board**. the Award Review Board was established by the United Nations for vendors claiming that they have not been fairly treated during the solicitation process and who, subject to certain eligibility criteria, may request an administrative review of their bids. The new procedure for challenging bid rewards is only open to unsuccessful bidders who have already participated in a debriefing process with the Procurement Division. The procurement administrative review process will reinforce accountability in the procurement process as a whole. More information on the procurement administrative reviews is available on the website of the Procurement Division (http://www.un.org/depts/ptd/debrief_challenges.htm).

81. **Senior Vendor Review Committee at Headquarters**. the Senior Vendor Review Committee was established on a pilot basis to render independent advice to the Under-Secretary-General for Management regarding vendors under investigation or who have been accused, convicted or involved in litigation for alleged fraudulent, corrupt or unethical practices.

XI. Conclusion

82. While, as reported by the Secretary-General, much progress has been made towards the implementation of resolution 64/259, more work yet remains to be done. Implementing an enterprise risk management and internal control framework will improve performance against objectives, contribute to a more efficient use of available resources, strengthen the internal control system of the Secretariat and enhance accountability and performance management at all levels.

83. Member States must be aware that the introduction of a complex, Secretariat-wide initiative such as enterprise risk management requires leadership, as well as the engagement of staff at all levels. On both counts, the Secretariat is committed to implementing actions in order to accomplish that end.

Annex

Enterprise risk management and internal control policy

Glossary of terms and definitions*

Enterprise risk management	The process of coordinated activities designed to direct and control the impact of possible risks on the Organization, including the effect of uncertainty on objectives. It is carried out by the governing bodies, management and other personnel, and applied in strategy-setting throughout the Organization. Internal control is encompassed within and is an integral part of enterprise risk management.
Impact	Result or effect of an event. There may be a range of possible impacts associated with an event. The impact of an event can be positive or negative relative to the entity's related objectives.
Inherent risk	The risk to an entity in the absence of any actions management might take to alter either the likelihood of risk or its impact.
Internal control	A process, effected by the governing bodies, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) Effectiveness and efficiency of operations; (b) Reliability of financial reporting; (c) Compliance with applicable laws and regulations.
Likelihood	The possibility that a given event will occur.
Reasonable assurance	The concept that enterprise risk management, even if well-designed and operated, cannot provide a guarantee regarding the achievement of an entity's objectives owing to the limitations of human judgement, resource constraints and the need to consider the cost of controls in relation to expected benefits, as well as the possibility of management override or collusion.
Residual risk	The remaining risk after management has taken action to alter the likelihood of risk or its impact.

* Consistent with the best international standards, including "Enterprise risk management: integrated framework" and "Thought papers on enterprise risk management", Committee of Sponsoring Organizations of the Treadway Commission (2004, 2009, 2010 and 2011); "Guidelines for internal control standards for the public sector", Internal Control Standards Committee of the International Organization of Supreme Audit Institutions (2004 and 2007); and "Risk management: principles and guidelines", International Organization for Standardization (2009).

Term	Definition
Risk	The effect of uncertainty on objectives
Risk exposure	Magnitude of a risk, measured in terms of the combination of impact and likelihood
Risk register	Central repository of all risks and risk information maintained by the Organization, including the risk category, subcategory, risk definition, rating results, contributing factors and other relevant information pertaining to risk
Risk tolerance	The acceptable variation relative to the achievement of an objective

I. Introduction

1. The United Nations faces a considerable level of risk owing to the complexities of its operations and increased scope of its mandates. Risk management is therefore an area already considered at various levels, and risk management methodologies and practices have already been successfully adopted and implemented in different processes and operations of the United Nations Secretariat, including the capital master plan,[1] information and communications technology,[2] security[3] and organizational resilience.[4]

2. The General Assembly, fully recognizing the importance of the implementation of a systematic approach to risk management and internal control at the United Nations, has provided a clear mandate to the Secretary-General, by its resolutions 63/276 and 64/259, to enhance the current capabilities in the Secretariat responsible for risk assessment and mitigation and internal control on the basis of the enterprise risk management and internal control framework contained in the 2010 report of the Secretary-General on an accountability system in the United Nations Secretariat (A/64/640, annex II).

3. Following the mandates of the General Assembly, and in line with the benchmarks on the implementation of enterprise risk management recommended by the Joint Inspection Unit,[5] this policy further expands and strengthens the approach to risk management already embraced in different areas of the Organization, adopting an integrated enterprise risk management and internal control framework that provides a consistent and comprehensive risk management methodology that can be applied across the entire Secretariat.

4. Given the operational nature of the work of the Organization and the broad range of its activities, the framework allows for a strong operational component and outlines a flexible structure that can easily be adhered to across the spectrum of activities and work environments without resulting in additional administrative overhead for staff members.

5. The Secretary-General strongly believes enterprise risk management is inherently the core responsibility of management. With the adoption of an enterprise risk management and internal control process as a strategic initiative, the Secretariat defines a consistent methodology for assessing, treating, monitoring and communicating risks. The framework is designed to address both the strategic risks associated with the execution of the mandates and objectives as defined by the Charter of the United Nations and the risks inherent in the daily operations that support the achievement of those mandates by defining a flexible methodology that is fully compatible with the different risk management practices already adopted by the Organization, for example, with regard to security risks. Properly implemented, the framework provides insight into potential risks as well as new opportunities, and it will become a key part of the strategy and planning processes.

[1] "Capital master plan risk management framework" (April 2008).

[2] Adoption of ISO 27001, ISO 27002 and the OCTAVE risk assessment methodology by the Information and Communications Technology Board of the Secretariat (April 2008).

[3] "Policies and guidelines on security risk management and minimum operating security standards" (April 2009).

[4] "Organizational resilience policy for United Nations Headquarters, New York" (June 2010).

[5] A/65/788.

II. Definition

6. Consistent with the best international standards[1] enterprise risk management is defined as the process of coordinated activities designed to direct and control the impact of possible risks on the Organization, including the effect of uncertainty on objectives. It is effected by governing bodies, management and other personnel and applied in strategy-setting throughout the Organization.

7. An effective system of internal control is encompassed within and is an integral part of enterprise risk management. As defined by the best international standards, enterprise risk management is broader than internal control, expanding and elaborating on internal control to form a more robust concept and an effective management tool.

III. Purpose

8. The Secretary-General is convinced that the implementation of the framework will introduce significant enhancements in the governance and management practices of the Organization, some of which are outlined below.

(a) **Focus on objectives**: increased effectiveness in the achievement of the defined objectives and mandates through a consistent identification, assessment and management of risks among Secretariat entities, including systematic measurement of risk and performance;

(b) **Internal controls**: embedded risk and internal control management activities, enabling risk management to become an integral part of the processes and operations of the entire Organization and determining the type of risk mitigation or corrective measures necessary to manage identified risks;

(c) **Efficient use of resources**: improved performance against objectives, contributing to reduced waste and fraud, better value for money and a significantly more efficient use of available resources;

(d) **Accountability**: enhanced accountability and performance management through the definition of clear risk-management roles and responsibilities;

(e) **Results-based management**: promotion of a risk-driven culture through a more informed risk-based decision-making capability, as the significance of risks and the effectiveness of designed controls are explicitly considered when evaluating programmes and relevant budget allocations, according to an effective results-based management approach;

(f) **Transparency**: improved transparency within the Organization and with Member States as risks are clearly communicated internally and externally through the formalization of periodic reporting by management to the Independent Audit Advisory Committee and the General Assembly;

[1] "Enterprise risk management: integrated framework" and "Thought papers on enterprise risk management", Committee of Sponsoring Organizations of the Treadway Commission (2004, 2009, 2010 and 2011); "Guidelines for internal control standards for the public sector", Internal Control Standards Committee of the International Organization of Supreme Audit Institutions (2004 and 2007); and "Risk management: principles and guidelines", International Organization for Standardization (2009).

(g) **Assurance**: improved assurance over internal controls through the formal recognition of management's responsibility for effective controls and the appropriate management of risks;

(h) **Oversight**: the ability to enhance governance and oversight functions;

(i) **Governance**: an increased capability of senior management and the governing bodies to make informed decisions regarding risk/reward trade-offs related to existing and new programmes through the adoption of a structured approach for the identification of opportunities to enhance the allocation of resources throughout the Organization and to reduce related costs.

IV. Principles

9. The enterprise risk management and internal control programme is guided by the following core principles:

(a) **Embedding**: risk management must be explicitly embedded in existing processes. Appropriate flexibility needs to be applied in the execution of strategies and the allocation of relevant resources through the proper consideration of the risks that could affect the achievement of the objectives applicable to each project, organizational unit and the Secretariat at entity level;

(b) **Consistency**: the Organization shall adopt, as part of its decision-making process, a consistent method for the identification, assessment, treatment, monitoring and communication of risks associated with its processes and functions in order to efficiently and effectively achieve its objectives;

(c) **Integration**: the enterprise risk management and internal control framework must be fully integrated with the major operational processes as part of strategic planning, operational and financial management. In particular, risk management will be integrated with an effective results-based management approach. Enterprise risk management complements results-based management by enabling the Organization to effectively achieve set objectives with a clear, shared understanding of the internal and external uncertainties that may impact activities. High-priority risks and the effectiveness of related controls will also be fully considered in the evaluation of programmes and relevant budget allocations.

10. The effective implementation of the framework within the Secretariat will also rely on:

(a) **Management ownership**: those responsible for risk and risk management (risk owners) throughout the Organization must have a sound understanding of the risks impacting their operations and the level of flexibility provided in order to appropriately determine the available and appropriate course of action to manage those risks, thus increasing accountability;

(b) **Risk-aware culture**: a risk-focused and results-oriented culture will be nurtured, moving the Organization from the current predominantly risk-averse culture, where the focus is placed on risk avoidance, to a risk-aware culture, where decisions are driven by a systematic assessment of risks and rewards. The dissemination of information and best practices with regard to risk and internal control management principles will be supported across the Organization, including through the development of appropriate communications and training programmes;

(c) **Communication**: all relevant information shall be provided to senior management, the Management Committee, the Secretary-General and the General Assembly. The governing body, with the advice of the Advisory Committee on Administrative and Budgetary Questions and the Independent Audit Advisory Committee, as relevant, will be in a position to effectively fulfil its responsibilities to provide governance and oversight and to take decisions on the acceptance of proposed modifications or enhancements of the internal control system.

Commitments

11. The strong support and commitment of the General Assembly, the Secretary-General and senior management are essential for the establishment of effective risk and internal control management processes. A sustainable framework shall therefore be based on:

(a) **Support**: the endorsement and consistent support of senior management, confirmed by visible actions, is critical for the successful implementation of the framework;

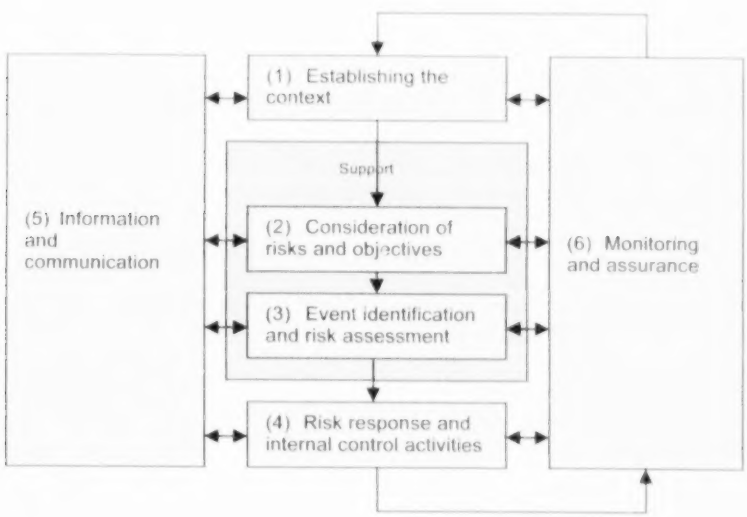
(b) **Accountability**: the adoption of an effective framework relies on the full ownership and accountability of management at each level throughout the Organization for risk management and internal control activities;

(c) **Resources**: risk and internal control management shall be supported by experienced resources at the department, office, commission, mission and tribunal level, as well as at entity level.

V. Process

12. Enterprise risk management is a process owned and executed by management. The main components of the risk management process are illustrated in figure I and further described below. The definition of all the relevant technical terms is included in the glossary of terms and definitions (see above).

Figure I
Enterprise risk management and internal control process


(1) Establishing the context
Support
(2) Consideration of risks and objectives
(3) Event identification and risk assessment
(4) Risk response and internal control activities
(5) Information and communication
(6) Monitoring and assurance

(a) **Establishing the context**: establishing the context encompasses the definition of the Organization's overall risk management approach, as outlined by a dedicated policy articulating the purpose, governance mechanisms and principles that guide the adoption of the framework;

(b) **Consideration of risks and objectives**: risks will be mapped and aligned to objectives, mandates and strategic initiatives both at the Secretariat and at functional levels (departments, offices, commissions, missions and tribunals) in order to measure and prioritize the risk exposure. Specific measurement criteria for risk evaluation will also be defined;

(c) **Event identification and risk assessment**: risks are assessed in the context of the objectives, mandates and strategic plans through risk questionnaires, interviews, workshops with relevant management and staff, analysis of historical data and other sources. Identified risks are then measured and scored according to the weighting of perceived impact, likelihood and level of the effectiveness of internal controls. Once the assessment is completed, the ability to appropriately link risks to both organizational strategies and objectives, and underlying processes and activities, is critical to the identification and implementation of effective risk mitigation measures;

(d) **Risk response and internal control activities**: consistent with the methodology adopted by the Office of Internal Oversight Services,[2] risk assessment will consider existing key controls in addition to inherent risks, resulting in the identification of residual risks. According to best practices, residual risk is the risk remaining after management has taken action to alter the likelihood or impact of risk, and it will therefore be the starting point for determining the appropriate response. An effective system of internal control is an integral part of enterprise risk management;

(e) **Information and communication**: ongoing reporting on results of risk assessments, including risk treatment plans and actions, will be established, supported by adequate information systems. Appropriate communication and training programmes will be developed throughout the Organization in order to nurture the development of a sound risk-aware culture and build adequate capacity and critical skills;

(f) **Monitoring and assurance**: ongoing monitoring of risks and internal controls will also be implemented.

13. A detailed description of the specific steps to be followed in the definition of an effective enterprise risk management and internal control framework, and of the necessary tools required, is provided in the paper, "Enterprise risk management and internal control methodology", which complements this policy.

VI. Risk governance structure: roles and responsibilities

14. Proper risk governance mechanisms are critical for the adoption of an effective risk management framework. Section VI provides a description of the roles and responsibilities of the different functions involved, followed by an illustration of the risk management and internal control governance structure (see figure II).

[2] See A/66/286 (Part I).

General Assembly

15. The General Assembly, with the advice of the Advisory Committee on Administrative and Budgetary Questions and the Independent Audit Advisory Committee, provides risk management oversight, ensuring that senior management adopts and maintains an effective enterprise risk management and internal control framework.

Secretary-General

16. Ultimate responsibility for effective risk and internal control management within the Secretariat resides with the Secretary-General. With the Management Committee, the Secretary-General annually reviews the significant risks faced by the Organization and the proposed strategies designed to effectively mitigate identified risks at the consolidated entity level, and reports on the subject to the General Assembly and the Independent Audit Advisory Committee.

Management Committee

17. The Management Committee, acting as the enterprise risk management committee for the Secretariat, annually reviews the results of the risk assessments at the entity level and has an active role in the promotion of the best practices in risk and internal control management in the Organization, including by involving other committees, as appropriate. The Management Committee will also monitor the effectiveness of the enterprise risk management and internal control framework and recommend any changes that may be required.

Under-Secretaries-General (or equivalent positions)

18. At the level of each department, office, commission, mission or tribunal, responsibility for the effective implementation risk management and internal control practices, as described in the present framework, resides with the respective head of department, office, commission, mission or tribunal.

19. As part of the existing senior management compacts with the Secretary-General, each Under-Secretary-General (or equivalent position) shall annually confirm, through a certification report, their responsibilities for the proper application of the principles and requirements of the framework and the establishment and maintenance of a strong internal control environment as a result of the risk assessment process.

Local risk and internal control focal points

20. The responsibilities of local risk and internal control focal points include the provision of assistance to local management in the implementation of the risk management requirements described in the framework, in particular: the identification of relevant risks, objectives and mandates at the department, office, commission, mission or tribunal level; the completion of the risk assessment and reporting on its results; the proposal of the activities that should be included in the risk treatment and response plan; and the provision of monitoring and reporting to senior management on risk management and internal control measures within their area of responsibility.

21. In addition, local risk and internal control focal points will: customize the Secretariat-wide risk universe so that it reflects the risks relevant to the relevant department, office, commission, mission or tribunal; prepare reports on all risk management matters and distribute them to the enterprise risk management and internal control function, including the responsible Under-Secretary-General or equivalent position; and monitor the effectiveness of risk management and internal control measures.

Risk owners

22. Risk owners are responsible, inter alia, for:

(a) Regularly reviewing the risks owned by them, informing the local risk focal point of any identified changes and bringing urgent attention to risks for which the relevant impact or likelihood is perceived as having increased;

(b) Determining where internal control deficiencies relating to risks for which they are responsible may be identified, proposing appropriate risk mitigation measures and monitoring the implementation of risk treatments relating to such risks;

(c) Updating relevant risk information and contributing to risk reporting, as required.

Risk treatment owners

23. The design and implementation of risk treatment and response plans identified during the risk assessment process, including reviewing their effectiveness, is the responsibility of the risk treatment owners.

Enterprise risk management and internal control function

24. Enterprise risk management is the inherent core responsibility of management. Under the framework, embedded risk and internal control management activities are an integral part of the processes and operations of the entire Organization.

25. As recommended under benchmark 4 in the review of enterprise risk management at the United Nations system carried out in 2010 by the Joint Inspection Unit,[1] an enterprise risk management and internal control function will assist senior management in the process of establishment of the described framework and provide the appropriate level of implementation and execution oversight.

26. The enterprise risk management and internal control function, which, in the short term, will be established within the Office of the Under-Secretary-General for Management, will be moved towards a separate management function led by a senior management official reporting to the highest level of the Organization and the Management Committee, once the function is supported by adequate resources.

27. Without establishing a new high-level full-time official responsible for risk in the Organization, a senior management official, acting in this capacity, shall coordinate all the activities of the enterprise risk management and internal control function. He or she will act independently and objectively in the execution of

[1] A/65/788, paras. 84 and 88.

his/her duties and responsibilities, in line with the benchmarks recommended by the Joint Inspection Unit.[1]

28. The main responsibilities of the enterprise risk management and internal control function shall, inter alia, involve:

(a) Promoting the application of sound risk management and internal control policies, providing oversight for the implementation of related activities within the Secretariat and defining an overall vision and direction for enterprise risk management and internal control measures;

(b) Defining a comprehensive enterprise risk management and internal control framework throughout the Organization in order to identify, assess, manage and monitor risks and internal controls and supporting the Secretary-General and management in their efforts to embed and sustain risk management activities in the daily operations of the Secretariat;

(c) Maintaining the risk register and facilitating the performance of the risk assessments through assistance in interviews, the development and review of questionnaires and the facilitation of workshops, as needed;

(d) Providing the necessary expertise and resources to support the different steps in the risk management process, including assistance and advice in the design, assessment and monitoring of appropriate risk mitigation activities;

(e) Developing and maintaining the methodology and practices related to the implementation of risk and internal control management activities, including the administration of the tools, training, reporting and other related requirements and supporting the local risk and internal control focal points in conducting appropriate risk and control monitoring activities;

(f) Preparing reports on risk management and internal control activities, including a consolidated entity-level risk assessment report for the Secretariat for distribution to the Management Committee, the Secretary-General and, on behalf of the Secretary-General, to the General Assembly and the Independent Audit Advisory Committee, as required;

(g) Assisting in the provision of monitoring and oversight of risk management and internal control activities at the department, office, commission, mission and tribunal level and advising, as appropriate, on the development of adequate risk treatment and response plans;

(h) Implementing and maintaining the necessary systems and data management capabilities to properly support the risk management and internal control programme;

(i) Supporting the dissemination of information and best practices with regard to risk and internal control management principles and measures throughout the Organization and developing, as appropriate, communication and training programmes to enhance the Secretariat's risk management culture;

(j) Assessing the risk of not implementing non-accepted recommendations and advising the Management Committee on possible courses of action.

[1] A/65/788, paras. 91 and 94.

Staff members

29. The management of risks and internal controls in accordance with the principles defined in the framework is the responsibility of all the United Nations managers and staff members. All staff members, in accordance with their specific roles and function, must embed risk management in operational decision-making, identifying, managing and monitoring risks with regard to day-to-day operations within their respective areas of responsibility.

Office of Internal Oversight Services

30. In accordance with its mandate, OIOS shall continue to be responsible for evaluating the effectiveness of the internal control environment, including the periodic assessment and evaluation of the implementation of an effective enterprise risk management and internal control framework.

31. In addition, OIOS is responsible for the review of the results of risk assessment process, and shall consider the outcomes of the process in its audit planning exercise, as appropriate.

Joint Inspection Unit

32. The Joint Inspection Unit, as the oversight body of the United Nations system mandated to conduct system-wide evaluations, shall identify enterprise risk management and internal control best practices, propose benchmarks and facilitate information-sharing throughout the system.

Board of Auditors

33. The Board of Auditors, as part of its assurance activities on the financial reporting of the Organization, is expected to utilize the results of risk assessments as an important element in its evaluation of the Organization's system of internal controls, as described in the Board's mandate.[1]

[1] Financial Regulations and Rules of the United Nations (ST/SGB/2003/7 and Amend.1), article VII.

Figure II

Risk and internal control management governance

[1] High-level official responsible for risk within the Organization.

VII. Conclusions

34. This policy defines the enterprise risk management and internal control programme which is being implemented within the Secretariat to allow the Organization to improve its accountability and decision-making process. The adoption of the policy and the maintenance of an enterprise risk management and internal control process will provide reasonable assurance as to the Organization's ability to effectively achieve its mandates and objectives.

35. The policy, as complemented by the methodology describing the activities to be performed for the effective implementation of the enterprise risk management and internal control framework, will be individually applied to each department, office, commission, mission or tribunal according to the level and context of risk and risk assessment, and will be reviewed for effectiveness on an ongoing basis. It is the responsibility of management to comply with this policy and related procedures.

36. Full implementation of the policy and the methodology will require the establishment of a dedicated centralized capacity for enterprise risk management and internal control within the Secretariat, supported by an adequate level of

resources, as recommended by the Joint Inspection Unit in its review of enterprise risk management at the United Nations system.[5]

37. In the interim, according to a gradual approach to implementation, the policy and the methodology will provide the basis for the application of a comprehensive enterprise risk management process in selected departments of the Secretariat which will take the form of case studies. Such studies will allow the Department of Management to report to Member States on progress in the implementation of resolution 64/259 during the resumed sixty-sixth session of the General Assembly in March 2012.

[5] See A/65/788.